

MEMORANDUM

FROM: Roy A. Bernardi, Assistant Secretary for Community Planning and Development, D

SUBJECT: Interim Guidance for Fiscal Year (FY) 2003 Formula Programs

This memo transmits guidance for grantees receiving funds through the Office of Community Planning and Development's (CPD) four formula programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grant (ESG). This guidance is provided to help Field Offices work with grantees to plan for various funding scenarios and to encourage grantees to foster open communication with citizens and interest groups concerning CPD funding for FY 2003.

The legislation providing appropriations for CPD programs - which will be included in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 2003 - has not been passed, and the House and Senate appropriation bills (HR 5605 and S 2797) contain slightly different appropriation amounts. Since the beginning of the 2003 Fiscal Year, the Department has been operating under a series of continuing resolutions and the current continuing resolution runs through January 31, 2003. Without a permanent FY 2003 appropriation, HUD is unable to determine the actual CPD program formula allocation amounts or to provide full grant funding. HUD hopes to make partial funding available for the formula programs as soon as possible, so as not to unduly burden grantees with program year start dates in January, February, and March. Those partial amounts will be determined based on the amount appropriated under the continuing resolutions. It should be noted that grantees are not required to amend or change Consolidated Plan Action Plans to reflect partial grant awards.

Although we are uncertain of when Congress will pass the permanent FY 2003 appropriation, it is important that grantees identify and communicate to their citizens the proposed uses of all CPD funds. In developing Consolidated Plan Action Plans, grantees should use the CDBG planning estimates provided in August and the HOME formula planning targets provided in November, both of which used 2000 census data for all CDBG and HOME factors. If the grant amount shown in the Consolidated Plan Action Plan a grantee has submitted differs from the actual formula allocation amount, the grantee will need to revise its Consolidated Plan Action Plan to reflect the actual funding amount and its use. The Consolidated Plan Action Plan must match the actual grant amounts. As a reminder, under these circumstances, revisions to the Action Plan before the full grant is made are not amendments. Further, if a grantee submits an Action Plan and receives partial funding and the actual grant amount does not match the amount in the grantee's Action Plan, the grantee will need to revise and re-submit its Action Plan before it receives the balance of its allocation, along with a new HUD-424 form that reflects the actual amount to be awarded.

For grantees that have not completed the Citizen Participation process to submit the Consolidated Plan Action Plan, HUD encourages grantees to provide full information to their citizens concerning FY 2003 funding. As part of the funding process, grantees may wish to utilize the following suggested provisions to address funding changes in the Consolidated Plan Action Plan and to meet the Citizen Participation requirements:

1. Include one or more provisions identifying how funds will be used if the FY 2003 allocation is increased (by a specific amount or percentage), e.g., the additional funding will be distributed on a pro rata basis to all activities; will be allocated to specific identified activities; or identify some other method for distributing the additional funds.
2. Include one or more provisions identifying what actions will be taken if the FY 2003 allocation is decreased (by a specific amount or percentage), e.g., the loss of funding will result in a decrease in funding for specific activities; will result in an “across-the-board” decrease in all activities; or identify some other method for reflecting the decrease.

I encourage grantees to share this information with subrecipients and identify flexible funding methods to ensure that we can continue to meet community needs. Any questions concerning this matter should be referred to your CPD Representative in your local Field Office.